

HAWAII ADMINISTRATIVE RULES

TITLE 17

DEPARTMENT OF HUMAN SERVICES

CHAPTER 798.1

CHILD CARE SERVICES

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Historical Note: Chapter 17-798.1 is based
substantially upon chapter 17-798, Child Care Services
[Eff 04/22/93; am and comp 11/20/99; R JUL 27 2002]

SUBCHAPTER 1

GENERAL PROVISIONS

§17-798.1-1 Purpose. The purpose of this
subchapter is to establish the rules governing the
administration and implementation of the child care
block grant authorized as part of the Omnibus
Reconciliation Act of 1990, Pub. L. No. 101-58, Section
5082. This subchapter includes eligibility
requirements, benefit amount, and method of determining
child care payments for the department's child care
programs. [Eff JUL 27 2002] (Auth: HRS §346-14)
(Imp: HRS §346-14, 45 C.F.R. 98.1)

§17-798.1-2 Definitions. As used in this
chapter: "Activity" means employment, education, or
job, vocational or employment training.

"Aid to families with dependent children (AFDC)"
means the financial assistance program administered by
the department under Title IV-A of the Social Security
Act, Section 1115 of the Social Security Act for the

pursuit of New Opportunities (PONO) waiver, and in accordance with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

"After school care" means a child care program provided after the close of the regular school day during the academic year for children who are enrolled in public or private elementary schools. As provided in Attachment I, full-time care in this type of care means child care provided for 45 hours and more per month.

"Application" means the written action by which an individual indicates on a form prescribed by the department, a request to receive assistance with child care costs and services. It includes a consent form prescribed by the department that requires a child protective services background check and criminal history records check of the prospective child care provider and all adult household/staff members.

"Attachment I" means the Full and Part-time Tiered Reimbursement Rates" table dated June 1, 2002.

"Before school care" means a child care program provided before the opening of the regular school day during the academic year for children who are enrolled in public or private elementary schools. As provided in Attachment I, fulltime care in this type of care means child care provided for 45 hours or more per month.

"Budget month" means the calendar month from which the worker shall use the child care expense to calculate payment in the corresponding payment month.

"Caretaker" means a birth, hanai, foster or adoptive parent, guardian, step-parent, or relative who is related to the child by blood, marriage, or adoption, who resides with and is responsible for the care, education, and financial support of a child. That designation may remain even when the child or caretaker is temporarily absent from the home as long as the caretaker continues to maintain responsibility for the care, education, and financial support of the child. This includes a foster parent who may not be providing financial support to the child but is receiving support for the child from a private or public agency.

"Child" means any person who has not reached the

age of eighteen.

"Child abuse record check" means an examination of an individual's child abuse confirmation history through: (1) An initial name inquiry into the state child welfare record files; (2) Subsequent child abuse confirmation history checks for new hires and re-hires; and (3) An annual name inquiry into state child welfare record files.

"Child care" means those situations in which a caregiver has agreed to assume the responsibility for the child's supervision, apart from and in the absence of the child's caretaker, for any part of a 24-hour day. Child care may be provided out of the child's home in out-of-home relative care, in the child's home by relatives or non-relatives, in a family child care home, in a group child care home, or in a group child care center. Child care does not include any service provided to a child enrolled in or eligible for public education in grades kindergarten to 12 during the regular school day; or services for which a child receives academic credit toward graduation; or any instructional services that supplants or duplicates the academic program of any public or private school which is established for the purpose of compliance with the school attendance law of Hawaii.

"Child protective services reasons" means child care provided by the department to children who reside with their family unit and who are: (1) confirmed to have been abused or neglected, or (2) are at risk of being abused or neglected. This child care must be ordered by the court.

"Disability of the parent" means that one of the caretakers of a child requiring care has been determined by a physician, psychologist or psychiatrist to be incapable of providing child care supervision for a child.

"Educational program" means a curriculum established by an institution, agency or business for the purpose of the development of skills and/or academic study necessary for an identified occupation.

"Employed" means the caretaker is engaged in an activity in exchange for wages or salary.

"English as a Second Language" (ESL) means the condition where the child and the parents or legal

guardians have limited English proficiency.

"Environmental risk" means physical, social, or economic factors that may limit development. Environmental risk includes, but is not limited to, one of the following conditions: Parental age - less than 16 years; any existing physical, developmental, emotional, or psychiatric disability of a primary caregiver; abuse of any legal or illegal substance by a primary caregiver; or child abuse and neglect of target child or siblings; or two of the following conditions: Economically disadvantaged family (<100 % of the Federal Poverty Income Guidelines for Hawaii); single parent; incarceration of a primary caregiver; parental age: 16-18 years and less than high school education; birth weight: 1,500 - 2,500 grams; or presence of physical, developmental, emotional, or psychiatric disability in a sibling or any other family member in the home.

"Family child care home care" means child care in any private home maintained by a caregiver who provides care to three and no more than six children during any part of a 24-hour day where the relationship between the child and family child care home care provider is not one of blood, marriage, or adoption and the caregiver is registered (licensed as opposed to "listed") with the department.

"Family unit" means one or more adults and their minor children, if any, related by blood, marriage, adoption or judicial decree, who reside in the same household. Related adults other than spouses or unrelated adults residing together shall each be considered a separate family unit.

"Federal Poverty Index (FPI) Guidelines for Hawaii" means the official Federal statistical definition of poverty which is issued yearly in the Federal Register by the Secretary of the Department of Health and Human Services under the authority of 42 U.S.C. 8621, OBRA of 1981. It is a simplification of the U.S. Census Bureau's poverty threshold, which is issued for administrative purposes.

"First-to-Work" means the employment program administered by the department for recipients of the Aid to Families with Dependent Children (AFDC) Program.

"Full-time care" means child care provided for 97

hours and more per month. This does not apply to Before-school and After-school care.

"Gross income" means all non-excluded earned and unearned income as specified in this chapter.

"Group child care center care" means child care provided in a place maintained by a caregiver for the purpose of providing care to 13 or more children. The term shall include day nurseries, preschools, parent cooperatives, drop-in child care centers, before and after school, holiday, intersession and summer care for elementary school age children, or other similar units established to provide group care to a child for any part of a 24-hour day and is license-exempt or licensed by the department. For the purposes of this chapter, group child care center shall also include "infant and toddler center care" in which child care is provided to children ages six weeks to 36 months of age in a group child care center or group child care home and is licensed under chapter 17-895.

"Group child care home" means child care provided by a caregiver in a facility that is usually an extended or modified private family home which provides care to seven and no more than 12 children during any part of a 24-hour day and is licensed by the department.

"Hanai" means a child who is taken permanently to be reared, educated and loved by someone other than natural parents at the time of the child's birth or early childhood. The child is given outright and the natural parents renounce all claims to the child. Natural parents cannot reclaim their child except for death or serious injury of the hanai parents.

"Homeless" means a family that is without a permanent residence and is currently living in a supervised, publicly or privately operated shelter designated to provide temporary living accommodations; or in an area not normally considered a residence (such as a street, park, beach or automobile); or in a temporary (of less than four months duration) accommodation in the residence of another individual and has a history of frequent changes of residence over the past 12-month period.

"In-home care" means child care provided by a provider in the home of the children who require care

in the absence of the children's caretakers.

"Intersession care" means child care provided at breaks during the academic year for children who are enrolled in public or private elementary schools, including summer care and holidays.

"Job training", "vocational or employment training" means an organized training program (including community college and university education) established by an institution, agency or business for the purpose of the development of skills and/or academic study necessary for an identified occupation.

"License-exempt care" means child care which is exempt from licensure or registration by the department under §§346-151 and 346-152, HRS.

"Non-recurring lump sum" means income that is not normally repeated or a cumulative amount received or available to be received by an individual. Educational loans, grants or scholarships shall not be considered as non-recurring lump sums.

"Out-of-home relative care" means child care provided outside of the child's home by a relative provider for any part of a 24-hour day.

"Part-time care" means child care provided for less than 97 hours per month. This excludes Before-school and After-school care.

"Payment month" means the calendar month for which the worker shall issue the child care payment.

"Physician" means an individual licensed by the state for the practice of medicine.

"Preschool Open Doors" means a program designed to provide child care payments for a year of preschool experience prior to entering kindergarten. Eligibility emphasizes the age and special needs of the child, rather than the need of the caretaker.

"Prospective budgeting" means computation of the child care payment based on the worker's best estimate of the child care expense and income which will exist in a calendar month. The best estimate shall be based on the worker's reasonable expectation of the current, past, or future circumstances. Under prospective budgeting, the budget and payment months are the same.

"Provider" means any person, 18 years and older, agency, or organization and their employees who provide direct care, supervision, and guidance to children

apart from and in the absence of the child's caretaker. Providers are regulated by the Department of Human Services to provide child care or are legally exempt from licensure or registration by the department under §346-152, HRS.

"Relative" means related by blood, marriage, or adoption.

"Relative child care" means child care provided by legal grandparents, great-grandparents, aunts, uncles, and siblings living in a separate residence who are at least 18 years old.

"Report month" means the calendar month following the budget month.

"Retrospective budgeting" means the computation of the amount of benefits for a payment month based on the actual income and child care expense which existed in the corresponding budget month. The payment month is the second month following the budget month.

"School age" means the chronological age of children enrolled in elementary school.

"Significant change" means the child care payment per household changes by \$50.00 or more per month from the budget month.

"Special needs child" means a child who is physically or mentally incapable of caring for himself or herself as determined by a physician or a licensed or certified psychologist. It also means a child determined by a pediatrician, public health nurse, social worker, counselor, or therapist familiar with the child and family, or a representative from Healthy Start, or a Department of Health children's team to have a physical, developmental, behavioral, or emotional health condition that is outside the normal range, or a child who meets Department of Health (DOH) criteria for environmental risk, and the child does not qualify for Department of Education (DOE) Special Education.

"State Median Income" means the official guidelines issued yearly in the Federal Register by the Secretary of Health and Human Services, Administration for Children and Families under the authority of 42 U.S.C 8621, the Omnibus Budget Reconciliation Act of 1981.

"Temporarily absent" means a period of up to 90

days when the caretaker is not residing in the home with the child as a result of employment or job training commitments.

"Transitional child care" means a program designed to provide child care payments for eligible families that terminated AFDC financial assistance payments within 12 months of applying for child care to enable them to maintain self-sufficiency.

"Very low income" means gross income less than 100% of FPI (Federal Poverty Index.)

"Volunteer hours" means the hours per month of volunteer activity as required by the financial assistance program.

[Eff **JUL 27 2002**] (Auth: HRS §346-14) (Imp: HRS §346-151)

§17-798.1-3 Confidentiality. Requirements for confidentiality shall be as provided in chapter 17-601. [Eff **JUL 27 2002**] (Auth: HRS §§346-10, 346-14; 45 C.F.R. §205.50) (Imp: HRS §346-10; 45 C.F.R. §§205.50, 1391.3)

§17-798.1-4 Geographical location. All department administered child care programs outlined in this chapter may be made available to eligible clients on a statewide basis. [Eff **JUL 27 2002**] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-5 Scope. Child care services, irrespective of setting, may include:

- (1) Supervision to assure the child's safety, comfort, and health;
- (2) Personal care as appropriate to the child's age and developmental maturity;
- (3) Educational and recreational activities appropriate to the child's age, developmental stage, and degree of physical or mental ability;
- (4) Health and nutritional services which may include breakfast, lunch, dinner, and snacks; health and nutritional education to the

child, as well as to the parents or caretakers; monitoring of health problems; and where appropriate, arranging for medical or psychological screening and consultation; and

- (5) Provision of child care by providers as defined in §17-798.1-2. [Eff. JUL 27 2002]
] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-6 Application process. (a) Requests for child care services shall be submitted in writing on a form prescribed by the department when required by a specific departmental program.

(b) The form shall be dated and signed under penalty of false swearing that all the information needed by the department to establish eligibility for child care services, as stated on the form, is accurate.

(c) The form shall be signed by one of the following persons:

(1) The applicant; or

(2) A representative authorized by the applicant.

(d) Applicants may be required to submit copies of documents for verification.

(e) The family shall provide verification of the cost of the selected child care arrangement.

(f) The date of application shall be the date the signed form and documentary evidence is received by the branch.

(g) The date of eligibility shall be the date department staff receive the signed certificate and confirmation form in an Income Maintenance case, the date of the authorized activity/component in the case of First-to-Work, or in the case of the Child Care Connection Hawaii or contract case, the date of the interview but no later than the 31st day after receipt of the signed application form.

(h) For applicants determined eligible, child care payments shall be initiated or arranged as soon as possible, but not later than 30 days after the decision of eligibility.

(i) Child care services shall be denied when the applicant does not complete the process of

application/determination of eligibility, or withdraws the application.

[Eff JUL 27 2002] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-7 Priority applications. (a) As appropriate for the respective subchapters, the criteria for the priority applications shall be in the following order from the highest priority to lowest:

- (1) Child protective service reasons as referenced in §17-798.1-9(a)(4);
 - (2) Transitional child care as referenced in §17-798.1-35;
 - (3) Very low income (less than 100% of FPI) families who are :
 - (A) "At risk" of job termination because of child care related problems;
 - (B) Receiving AFDC assistance; or
 - (C) Special needs children of very low income, of employed, homeless, or limited-English proficiency families; and
 - (4) Other families that are employed, enrolled in and attending an educational program, or are in job/vocational/employment training.
- (b) Families with the least amount of monthly income shall be given first consideration for items 2, 3 and 4 in this section.

[Eff JUL 27 2002] (Auth: HRS §346-14) (Imp: §HRS §346-14; 45 C.F.R. §§98.20 and 98.44)

§17-798.1-8 Notice of application disposition.

(a) The department shall notify applicants about the applicants' eligibility for any child care service provided in this chapter after the branch makes a decision.

(b) The applicant shall be sent a written notice that contains a statement of the action taken, the reasons for the action, the specific rules supporting the action, and the right to appeal the action of the department through established administrative appeal procedures. [Eff JUL 27 2002] (Auth: HRS §346-

14) (Imp: HRS §346-14)

§17-798.1-9 Eligibility requirements for child care services. (a) Depending upon availability of funds, all children who qualify for child care payments shall meet the following requirements:

- (1) Reside with the caretaker who is working, attending job training or an educational program, and who has a monthly gross income that does not exceed 85% of the State Median Income for a family of the same size; and
 - (2) Be under age 13; or
 - (3) Be a special needs child 13 through 17 years of age; or
 - (4) Receive child protective services provided by the department to children who are reported to have been or are at risk of being abused or neglected, provided that these services are also provided by the department to the caretakers and siblings to help solve problems contributing to the abuse/neglect. The child and the caretaker(s) must be receiving child protective services and the assigned social worker must specify the need for child care services in the family's case plan as ordered by the court.
- (b) All caretakers in family units shall be eligible for child care under this subchapter provided the caretakers meet the following conditions:
- (1) Income criteria:
 - (A) Have a monthly gross income that does not exceed 85% of the State Median Income for a family of the same size; or
 - (B) Without regard to income:
 - (i) Individuals who are licensed by the department or organizations under the authority of the department as foster parents; or
 - (ii) Families receiving child protective services; and
 - (2) Are engaged in employment in exchange for wages or salary; or

- (3) Have a written offer of employment that is scheduled to start within two weeks; or
- (4) Need child care for up to 30 calendar days during a break in employment, if employment is scheduled to resume within 30 calendar days; or
- (5) Need up to 30 consecutive days in a 12-month period for the caretaker with or without a work history to job search, when there is no one to care for the child, not to exceed the maximum child care rates as provided under §17-798.1-14; or
- (6) Are enrolled in and attend an educational program or job training, vocational or employment training. This includes the break time between classes for the day; or
- (7) Are participants in the First-to-Work program and involved in the required activities in the employment plan; or
- (8) Are a two-parent family household where one caretaker is in an approved activity (working, attending job training or an educational program) and the other caretaker is determined to have a disability which prevents the parents from providing care of their own children. In such cases, proof of disability and inability to provide child care shall be verified by the written report of either a physician, psychologist, psychiatrist, or a State-licensed health care provider. The written report shall be reviewed every two months, and is valid when one caretaker is participating in an approved activity. Eligibility may be re-established for periods not to exceed 12 months; or
- (9) Are involved in volunteer hours as required by the financial assistance program after 24 months of financial assistance. Child care payments for these required volunteer hours shall not exceed four hours a month.
- (c) Child care providers:
 - (1) Shall meet the following conditions in order that child care payments may be authorized:
 - (A) Be 18 years old or older;

- (B) Afford caretakers unlimited access to their children, including written records concerning their children, during normal hours of provider operation and whenever the children are in the care of the provider;
- (C) Be a department regulated or license-exempt child care provider, including in-home care providers. License-exempt providers shall be listed with the department and shall submit a written statement to the department that shall attest to their:
 - (i) Willingness to provide care;
 - (ii) Rate that will be charged and assurance that the provider premises are safe from hazards in accord with §17-798.1-9(c)(1)(H), and
 - (iii) Address and telephone number;
- (D) Have no known history of child abuse or neglect, physical or psychological/psychiatric problems or criminal convictions that may adversely affect or interfere with the care of children;
- (E) Provide consent to conduct a child abuse record check and criminal history record check. The child abuse record check and criminal history record check shall be conducted in accord with §§17-891.1-3, 17-892.1-3, 17-895-3, and 17-896-3;
- (F) Provide consent to conduct an additional fingerprint check through the Federal Bureau of Investigations (FBI), except for legal grandparents, great-grandparents, aunts or uncles who are not part of the assistance unit, or siblings living in a separate residence and who are at least 18 years old. Such consent shall be provided on forms supplied by the department.

- (G) Be free of tuberculosis as indicated by a skin test or chest x-ray completed within the last 24 months of child care; and
 - (H) Have a child care facility or home with an installed smoke detector, unobstructed emergency exits, and an emergency exit plan.
- (2) Shall not be one of the following:
- (A) Parents, biological or legal;
 - (B) Step-parent living in the household;
 - (C) Legal guardians, or members of the family assistance unit, including essential persons;
 - (D) Providers who are not in compliance with State or county regulatory requirements;
 - (E) Individuals under the age of 18 years; and
 - (F) Other individuals determined by the department to pose a risk to the health and safety of the child.
- (d) The department shall:
- (1) Verify that the children and caretakers meet the eligibility requirements as described in this chapter;
 - (2) Approve the provider selected by the caretaker, following the provisions of §798.1-9(c);
 - (3) Authorize the initial and subsequent monthly child care payments based on §§17-798.1-9, 17-798.1-13, 17-798.1-14, 17-798.1-15, 17-798.1-17, 17-798.1-18, 17-798.1-19, 17-798.1-21, 17-798.1-22, 17-798.1-29, and 17-798.1-35;
 - (4) Review eligibility no less frequently than every 12 months; and
 - (5) Track and monitor appropriateness and utilization of child care and payments.
- [Eff JUL 27 2002] (Auth: HRS §346-14)
(Imp: HRS §346-4) (45 C.F.R. §§98.20, 98.30, 98.31 and 98.41)

§17-798.1-10 Income considered in eligibility determination. (a) Monthly gross income shall be used to determine eligibility.

(b) Monthly gross income means monthly sums of income received from sources such as but not limited to:

- (1) Gross income (before deductions are made for items such as, but not limited to, taxes, union dues, bonds, and pensions) from:
 - (A) Wages;
 - (B) Salary;
 - (C) Armed forces pay, including basic housing allowance for quarters paid to military personnel on active duty who are married or have dependent children and who are not residing in government quarters;
 - (D) Commissions;
 - (E) Tips;
 - (F) Piece-rate payments; or
 - (G) Cash bonuses earned;
- (2) Social security pensions and survivors' benefits (prior to deductions for medical insurance) including:
 - (A) Railroad retirement insurance checks from the U. S. government; and
 - (B) Permanent disability insurance payments made by the Social Security Administration;
- (3) Unemployment insurance benefits such as:
 - (A) Compensation received from government unemployment insurance agencies or private insurance companies during periods of unemployment; and
 - (B) Any strike benefits received from union funds;
- (4) Worker's compensation benefits and temporary disability insurance benefits:
 - (A) Worker's compensation benefits include compensation received from private or public insurance companies for injuries incurred at work;
 - (B) Temporary disability insurance benefits include compensation received from

- private or public insurance companies for short-term disabilities resulting from off-the-job sickness or injury; and
- (C) The cost of the insurance shall have been paid by the employer and not by the employee, and the benefits are made to individuals who continue to be considered employees of the company;
 - (5) Pensions and annuities, including pensions or retirement benefits paid to a retired person or the person's survivors by a former employer or by a union, either directly or by an insurance company;
 - (6) Veteran's pensions which include:
 - (A) Money paid periodically by the Veteran's Administration to:
 - (i) Survivors of deceased veterans; or
 - (ii) Disabled members of the armed forces;
 - (B) Subsistence allowances paid to veterans for:
 - (i) Education; or
 - (ii) On-the-job training; and
 - (C) "Refunds" paid to former members of the armed forces as GI insurance premiums;
 - (7) An allotment of a member of the armed forces;
 - (8) Alimony;
 - (9) Child support;
 - (10) Public assistance payments from another state;
 - (11) Hawaii public assistance payments;
 - (12) Dividends from stockholdings or memberships in associations;
 - (13) Periodic interest on savings or bonds;
 - (14) Income from estates or trust funds;
 - (15) Income from rental of property after business expenses;
 - (16) Royalties;
 - (17) Income received from self-employment:
 - (A) To be considered self-employed, the individual shall:
 - (i) Generate income equivalent to 18 hours per week x 4.33 weeks x State minimum wage at the time of

eligibility and in each subsequent month. The department shall determine the number of hours a week the family spends in self-employment activities. When the family is working at least 18 hours per week and receives income from the sale of goods and services, the department calculates qualifying earned income from self-employment by multiplying the hourly State minimum wage and the number of hours spent monthly in self-employment activities. The product of this computation must be equal to or greater than State minimum wage x 18 hours per week x 4.33 weeks to qualify the applicant. This must be considered first as monthly earned income when determining eligibility for child care payments as a self-employed individual.

- (ii) Not be subject to discharge from the job by another person;
 - (iii) Report income to the Internal Revenue Service and the state as a self-employed person;
 - (iv) Meet social security requirements as a self-employed person and pay employer's and employee's share of social security taxes;
 - (v) Not be considered an employee of an agency or organization; and
 - (vi) Be licensed by the state to operate a business.
- (B) Income received from non-farm self-employment means the gross receipts minus expenses for an individual's own business, professional enterprise, or partnerships.
- (i) Gross receipts shall include the value of all goods sold and services rendered.

- (ii) Expenses shall include the costs of goods purchased, rent, heat, light, power, depreciation charges, wages and salaries paid, business taxes, and other similar costs.
 - (iii) The value of salable merchandise consumed by the proprietors of retail stores shall not be included as part of net income.
 - (iv) Items such as depreciation, personal, business and entertainment expenses, transportation, purchase of capital equipment, and payments on the principal of loans for capital assets or durable goods shall not be deducted as business expenses. Personal expenses such as lunches and transportation to and from work shall not be deducted as business expenses.
- (C) Income received from farm self-employment means the gross receipts minus operating expenses from the operation of a farm by a person on the person's own account, as an owner, renter, or sharecropper.
- (i) Gross receipts shall include the value of all products sold, government crop loans, money received from the rental of farm equipment to others, and incidental receipts from the sale of wood, sand, gravel, and similar items.
 - (ii) Operating expenses shall include the cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farmhands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, farm taxes (not state and federal income taxes), and other similar expenses.
 - (iii) The value of fuel, foods, or other

farm products used for family living shall not be included as part of net income; and

- (18) Free rent converted to a cost compensation when it is exchanged for an activity instead of wages or salary. The department shall determine this by multiplying the State minimum wage x 40 hours a week x 4.33 weeks. When work is less than 40 hours a week, use the actual number of hours worked in the month x State minimum wage. [Eff. JUL 27 2002]
] (Auth: HRS §346-4) (Imp: HRS §346-14)

§17-798.1-11 Excluded monthly income. The following types of income received in any given month shall be excluded from consideration in determining income eligibility for child care payments:

- (1) Money received from the sale of property such as stocks, bonds, a house, or a car unless the person was engaged in the business of selling the property, in which case, the net proceeds would be counted as self-employment income;
- (2) Withdrawals of bank deposits;
- (3) Loans;
- (4) Gifts, including in-kind gifts such as free room and board, when the gift is not a form of compensation in lieu of wages or salary;
- (5) Monies received in the form of a nonrecurring lump sum payment including, but not limited to, the following:
 - (A) Income tax refunds, rebates, or credits;
 - (B) Retroactive lump sum social security, SSI, public assistance, or unemployment compensation benefits;
 - (C) Retroactive annual adjustment payments in the veteran administration's (VA) disability pensions;
 - (D) Lump sum inheritances or insurance payments;
- (6) Refunds of security deposits on rental property or utilities;
- (7) Capital gains;

- (8) Earnings of minor children who are members of the household and are students at least half-time shall be excluded even during temporary interruptions in school attendance due to semester or vacation breaks, provided the minors' enrollment will resume following the break;
- (9) Loans, grants, and scholarships obtained and used under conditions that prohibit use for current living expenses;
- (10) Any grant or loan to any undergraduate student for educational purposes made or insured under any program administered by the United States Secretary of Education;
- (11) Home produce utilized for home consumption;
- (12) The value of coupon allotment under the Food Stamp Act of 1977, as amended (7 U.S.C. §§2011-2027);
- (13) The value of USDA donated or surplus foods;
- (14) The value of supplemental food assistance under the Child Nutrition Act of 1966 (42 U.S.C. §§1771-1789) and the special food service program for children under the National School Lunch Act, as amended (42 U.S.C. §§1751-1769);
- (15) Benefits received from the special supplemental food program for women, infants, and children (WIC) (Pub. L. No. 92-443);
- (16) Allowances and payments to participants in programs, other than on-the-job training, under the Work Investment Act (WIA) of 1998 (20 U.S.C. §9201);
- (17) The earned income of individuals participating in on-the-job training programs under the Job Training Partnership Act (JTPA) of 1982 (25 U.S.C. §640d - 640d-28) who are between 18 and 19 years of age and under the parental control of another household member;
- (18) Earned income tax credit (EITC) payments received either as a lump sum or recurring payments under section 3507 of the Internal Revenue Code of 1986;
- (19) Financial assistance provided by a program funded in whole or in part under title IV of

the Higher Education Act in accordance with Pub. L. No. 99-498;

- (20) Payments or allowances made under any federal, state, or local laws for the purpose of energy assistance;
- (21) Assistance payments received as a result of a declared federal major disaster or emergency from the federal emergency management agency (FEMA), and other comparable disaster assistance provided by any state or local government agency, and disaster assistance organizations;
- (22) Payments made from the Agent Orange Settlement Fund or any other fund established in connection with settling liability claims concerning the chemical Agent Orange (Pub. L. No. 101-201);
- (23) Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. §4636);
- (24) Payments received under the Radiation Exposure Compensation Act (Pub. L. No. 101-426) to compensate individuals for injuries or deaths resulting from the exposure to radiation from nuclear testing or uranium mining;
- (25) Payments to individuals participating in the Senior Community Service Employment Program (SCSEP) funded under title V of the Older Americans Act of 1965 (Pub. L. No. 100-175);
- (26) Payments to volunteers derived from the volunteer's participation in the following programs authorized by the Domestic Volunteer Service Act of 1973 (42 U.S.C. §§5011, 4951-4958):
 - (A) Foster grandparent program;
 - (B) Senior companion program; and
 - (C) Volunteers in service to America (VISTA) and AmeriCorps programs;
- (27) Military re-enlistment bonus; and

- (28) Any other payments made in accordance with state and federal laws that preclude the payments from being counted as income. [Eff JUL 27 2002] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-12 Treatment of income. (a) All non-excluded income available to the family unit within a given month shall be considered unless specifically excluded in §17-798.1-11.

(b) Eligibility determination based on income status shall be supported by documentation.

(c) Failure to provide necessary information shall disqualify the family unit.

[Eff JUL 27 2002] (Auth: HRS §346-14) (Imp: HRS §346-4)

§17-798.1-13 Method of computing child care payment. (a) The family shall provide verification of the cost of the selected child care prior to the authorization of the child care payments and within 10 calendar days from the date there is a change in the cost of child care.

(b) A family that has met the eligibility requirements specified in §§17-798.1-9, 17-798.1-10, 17-798.1-29, or 17-798.1-35 shall have the payment amount and the family's contribution determined as follows:

- (1) The monthly child care payment amount shall be computed prospectively, as defined in §17-798.1-2, for the initial two full months of child care eligibility. In prospective budgeting, the department shall use the average of the prior two months gross income, or the monthly gross income received in the prior month, or a projection of monthly income that is anticipated to be received to calculate the monthly gross income.

(A) If initial child care eligibility is established in a month where eligibility for less than full-time child care is warranted based on less than full-month

§17-798.1-13.

child care need, the payment shall be calculated prospectively, but shall not count as one of the full months of eligibility.

(B) Child care benefits shall be calculated prospectively whenever there is a significant change in child care from the preceding month.

(2) The child care payment shall be computed retrospectively, as defined in §17-798.1-2, from the third full month of eligibility following two full months of prospective computations.

(c) The child care rate shall be calculated by:

- (1) Counting the number of employment, education or job, vocational or employment training hours to be engaged in by the caretaker for the month;
- (2) Comparing the caretaker's employment, education or job, vocational or employment training hours with the need for child care hours, and choosing the lesser hours; and
- (3) Using the child care rate table as referenced in §17-798.1-14 to identify the type of child care for each qualifying child and the caretaker's activity hours that support the need for child care.

(d) The child care amount to be paid each month of eligibility shall be the child care rate on the child care rate table as referenced in §17-798.1-14 corresponding to the lesser amount when comparing the caretaker's employment, schooling or job, vocational or employment training hours with the hours needed for child care, or actual child care cost, whichever is less, based on the type of care that is approved and used, minus the co-payment amount as identified in §17-798.1-15(g).

(e) Eligibility for the child care payment shall be suspended for a month if the family unit is ineligible when the total monthly income exceeds the income criteria for the size of the family unit due to the following:

- (1) Receives a fifth pay check in a month for those who are paid weekly, and a third pay

check in a month for those who are paid biweekly, or

- (2) Receives overtime pay in a month; and
- (3) Continues to be prospectively eligible for the following month.

(f) Retrospective budgeting shall be continued following a one-month suspension for the reasons described in §17-798.1-13(e).

[Eff **JUL 27 2002**] (Auth: HRS §346-14) (Imp: HRS §346-14; 45 C.F.R. §98.20)

§17-798.1-14 Child care rates. (a) The department's rate of child care assistance differentiates between licensed and license-exempt child care programs as specified in this chapter. Effective December 1, 1999, the department may also differentiate rates based on accreditation as set forth in Attachment I.

(b) Child care rates shall be established based on the following types of care:

- (1) Accredited licensed, non-accredited licensed, and license-exempt family child care home and licensed group child care home; and
- (2) Accredited licensed, non-accredited licensed, and license-exempt group center care:
 - (A) Preschool care;
 - (B) School age care, including holiday, intersession, or summer care;
 - (C) Before school care; and
 - (D) After school care.

(c) Child care rates shall also be established based on the need for full-time care or part-time care (two-thirds care, one-third care and casual care.)

(d) The child care rate table is attached at the end of this chapter as Attachment I, which is effective June 1, 2002. [Eff **JUL 27 2002**] (Auth: HRS §346-14) (Imp §346-14; 45 C.F.R. §98.42)

§17-798.1-15 Child care payments. (a) Child care payments shall be an expense that is reimbursed. This expense may be cost-shared by another public-funded source, but may not exceed the maximum monthly

department allowance for monthly child care expense except when the caretaker cannot continue to use the child care provider due to action by the department, and the caretaker paid for child care but the provider is unwilling to refund the amount to the caretaker.

(b) Child care payments include:

- (1) A one-time only payment in a 12-month period for registration and/or supplies and activity fees required by the facility, not to exceed \$125.00; and
- (2) Monthly cost of child care per child, as paid, but not to exceed the child care rates specified in §17-798.1-14. For the exceptions in §17-798.1-15(a), a combination of full-time and part-time tiered rates by types and hours of care specified in §17-798.1-14 for approved hours of child care shall be allowed.

(c) The department shall establish a reasonable relationship between the need for part-time or full-time care and the conditions for which child care is required when computing the amount of care needed.

(d) The department shall issue a signed Child Care Certificate and Provider Confirmation form in order to authorize a payment to the eligible family unit.

(e) Payment for child care services may be provided:

- (1) Through cash payment that is authorized one month at a time and paid to the caretaker; or
- (2) Through monies paid to the provider in the name of the caretaker.

(f) Monthly eligibility for child care cost and need must be established prior to payment being issued.

- (1) The provider shall provide the caretaker a receipt stating the name of the caretaker and child, the cost and number of hours of care, and the month of care. This document must be signed by the provider and submitted by the caretaker to the department by the fifth working day of the month after receipt of the child care payment prior to authorization of the subsequent month's payment.
- (2) Without a child care receipt to verify child

care cost, and verification of monthly income, the next monthly child care payment shall be forfeited.

(g) The co-payment of a family unit which has been determined to be eligible shall be established as follows:

Gross Income Amount	Percentage of cost or dollar amount paid by family
Equal to or Less than 100% FPI	\$0
101% to 150% FPI	10%
151% FPI and above	20%

- (1) When the actual child care cost is less than or equal to the rate in §17-798.1-14, the actual child care cost shall be used to determine the family unit's contribution.
- (2) When the actual child care cost is greater than the rate in §17-798.1-14, the department's rate shall be used to determine the family unit's contribution.
- (3) The family unit shall pay its portion of the child care cost directly to the provider.
- (4) The family unit shall be responsible for any child care costs in excess of the maximum child care rates specified in §17-798.1-14.

[Eff **JUL 27 2002**] (Auth: HRS §§346-14, 346-63) (Imp: HRS §346-14; 45 C.F.R. §§98.41, 98.42 and 98.43)

§17-798.1-16 Reporting changes. (a) A caretaker who is a recipient of child care payments shall be responsible to report to the department within 10 calendar days of occurrence any changes in:

- (1) Monthly gross income and the source of the income;
- (2) Address, including:
 - (A) Place of residence; and
 - (B) Mailing address;
- (3) Family member size;
- (4) Marital status;
- (5) Providers of the service the recipient is

- receiving; and
- (6) Circumstances which may affect the recipient's eligibility for continuing services, including, but not limited to;
 - (A) Changes in number of hours of child care required and cost of child care;
 - (B) Changes in hours of employment, educational program, or job, vocational or employment training;
 - (C) Anticipated changes in the individual's situation which may affect the individual's eligibility for continued child care assistance; and
 - (D) Applying for AFDC.
 - (b) When the caretaker reports changes to the department, the following actions occur:
 - (1) Reports to the department made within 10 calendar days will result in implementation of the changes after timely and adequate notice;
 - (2) Failure to report changes within 10 calendar days will result in timely and adequate notice of implementation of the changes from the date of occurrence of the changes;
 - (3) Reports of changes made to the department may result in overpayments leading to recoupment as referenced in §17-798.1-21. [Eff JUL 27 2002]
] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-17 Re-determination of eligibility.

- (a) The department shall re-determine income and program eligibility for continued child care payments:
 - (1) When information is obtained that there are anticipated changes in the individual's or family's situation;
 - (2) Promptly, not to exceed 30 days, after information is received that changes have occurred in the individual's or family's circumstances which may result in ineligibility;
 - (2) Not less frequently than every 12 months from the month eligibility was determined; and

- (4) As often as necessary for prioritization of applications.

(b) Re-determination of eligibility shall be made in the same manner as the disposition of an application including signing and dating a form prescribed by the department, and including the child protective services background check and criminal history records check of providers and adult staff members as referenced in §17-798.1-9(c). Child care shall be terminated for recipients when they do not complete the process of re-determination of eligibility. [Eff. JUL 27 2002]
(Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-18 Denial or termination of child care.
Child care payments shall be denied or terminated

when:

- (1) The applicant does not complete the process of application/determination of eligibility, or withdraws the application; or
- (2) The application form prescribed by the department is not signed and dated; or
- (3) The child does not meet the eligibility requirements referenced in §17-798.1-9(a); or
- (4) The caretaker does not meet the eligibility requirements referenced in §17-798.1-9(b); or
- (5) The provider does not meet the eligibility requirements referenced in §17-798.1-9(c); or
- (6) The caretaker fails to submit to the department by the fifth working day of the month after receipt of the child care payment a signed receipt from the provider to verify the child care cost, and verification of monthly income; or
- (7) Conditions initially present in the family situation have changed and child care is no longer needed, or the family has not used authorized care and the absences are unexcused (more than five days); or
- (8) The caretaker(s) voluntarily requests discontinuance of child care costs; or
- (9) The caretaker(s) and the child are unable to use child care and another service must be planned for; or

- (10) The family unit is no longer eligible for child care payment; or
- (11) The family unit cannot be located; or
- (12) The family unit fails to provide the required verification; or
- (13) The family unit fails to complete the process of re-determination of eligibility; or
- (14) The department determines in accord with §17-798.1-22 that there are insufficient funds to maintain all children receiving care. [Eff **JUL 27 2002**] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-19 Notice of adverse action. (a)

Prior to an action to reduce, suspend, or terminate any child care service specified in this chapter, the branch shall provide the family with timely and adequate notice before the adverse action is taken.

(b) The notice of adverse action shall be considered timely when the branch mails the notice at least 10 calendar days prior to the effective date of action.

(c) In order to be adequate, the notice shall contain the following information:

- (1) The proposed action and the reason for the proposed action;
- (2) The departmental rules supporting the proposed action;
- (3) The name and telephone number of the person in the department to contact for additional information;
- (4) The family's right to request an informal review, an administrative appeal, or both; and
- (5) Availability of free legal representation, if applicable.

(d) Only adequate notice is required when the caretaker is deceased, left the State, requests discontinuance of payments, or the caretaker's whereabouts are unknown. [Eff **JUL 27 2002**] (Auth: HRS §346-14) (Imp: HRS 346-14)

§17-798.1-20 Administrative appeal requests.

(a) A family unit may file a written request for an administrative appeal when the family unit is dissatisfied with the department's adverse action of denying, reducing, discontinuing, terminating, suspending, withholding assistance, not acting on a claim for assistance with reasonable promptness, or determining an overpayment amount. The family unit or the authorized representative such as legal counsel, relative, friend, or any other person of the family unit's choice shall have an opportunity to:

- (1) Examine the case record as well as all documents and records to be used at the appeal hearing at a reasonable time before the date of the hearing as well as during the hearing;
- (2) Present the case independently or with the aid of others including legal counsel;
- (3) Bring witnesses, including an interpreter if non-English speaking;
- (4) Establish all pertinent facts and circumstances;
- (5) Advance any arguments appropriate to the issue being heard without undue interference; and
- (6) Question or refute any testimony or evidence, and to confront and cross-examine any witness.

(b) The request shall be received by the department within 90 calendar days of the date on which the notice informing the family unit of a department decision was mailed to the family unit and shall refer to the following:

- (1) The request is for an administrative appeal of the department's action, and
 - (2) The specific action identified in the notice.
- (c) If the request was not filed within 90

calendar days of the date the notice was mailed to the family unit, the request shall be denied and the branch shall mail a notice of denial to the family unit.

(d) The Administrative Appeals office shall acknowledge the request for a hearing by a written communication to the family unit within 15 calendar days of the date of the hearing request.

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(e) In addition to the foregoing, the Administrative Appeals office shall give the family unit a written notice that the family unit has a right to:

- (1) Prompt administrative action; and
 - (2) Implementation of a hearing decision within 90 calendar days of mailing the decision.
- (f) Aid paid pending administrative appeal decisions shall not be provided.

(g) Benefits shall be restored for any month the administrative appeal decision is rendered in favor of the household and an underpayment occurred.

[Eff. JUL 27 2002] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-21 Overpayment and recoupment. (a) Failure to provide information, as specified in §17-798.1-13(a), §17-798.1-15(f), §17-798.1-16, and §17-798.1-18 may affect the caretaker's eligibility and result in overpayment. An overpayment shall occur when a caretaker receives cash payments to which the person is not entitled.

(b) An overpayment made to a caretaker shall be recovered through:

- (1) Repayment in cash, in full or in part, by the caretaker to the department; or
- (2) A reduction of not less than 10% in the amount payable to the caretaker in subsequent months until the entire amount of overpayment is recovered.

(c) Caretakers subject to recovery of overpayment shall be provided written notice by the department stating:

- (1) The reasons, dates, and the amount of the alleged overpayment;
- (2) The proposed method by which the overpayment shall be recovered; and
- (3) The caretaker's right to request an administrative appeal if the individual disagrees with the department's proposed action.

(d) When there is both an overpayment and an underpayment to the caretaker, the overpayment and

underpayment shall be offset one against the other in correcting the payment.

(e) Overpayment to caretakers may be recovered from the family unit which was overpaid, from individuals who were members of the family unit when overpaid, or from families which include members of a previously overpaid family unit.

(f) When recouping child care overpayments, overpayments may be recovered only from child care benefits, provided the caretaker continues to receive such benefits.

(g) Recovery of child care overpayments to caretakers who formerly received child care benefits shall be referred to the department's investigation office for collection action.

(h) If a caretaker for whom a collection action has been initiated fails to make a payment for any month in the calendar tax year, the department may refer debts exceeding twenty-five dollars to the comptroller of the State for tax setoff as specified in chapter 17-606. [Eff. JUL 27 2002] (Auth: HRS §§346-14, 346-44) (Imp: HRS §§346-35, 346-44)

§17-798.1-22 Termination for insufficient funds.

(a) The department may terminate benefits, reduce benefits, or refuse to take new applications for certain or all classes of beneficiaries set forth in §17-798.1-7, if the department determines, at its discretion, that insufficient funds will be available to pay all beneficiaries benefits at current amounts through the end of the fiscal year.

(b) The budget will be managed by reviewing monthly expenditures, and evaluating whether the cumulative expenditures at the end of any given month is less than or equal to the number of months that have expired in the fiscal year times 1/12 of the budget appropriation for child care payments.

(c) When the department determines that the budget appropriation has or soon will be exceeded, notices of adverse action may be issued to limit the number of children receiving subsidies in any given month. This determination is entirely within the department's discretion.

§17-798.1-22

d) Case termination, reduction of benefits, or refusal to take applications will first be accomplished in reverse priority from what is listed in §17-798.1-7. Priority will further be determined within the categories set forth in §17-798.1-7 by income, with higher income families terminated first.
[Eff JUL 27 2002] (Auth: HRS §346-14)

§§17-798.1-23 to 17-798.1-27 (Reserved)

SUBCHAPTER 2

PRESCHOOL OPEN DOORS CHILD CARE SERVICES PROGRAM

§17-798.1-28 Purpose. Child care payments under this subchapter shall be for early childhood services that can contribute to school readiness by providing a school year of experience in a preschool program prior to entering kindergarten. [Eff JUL 27 2002]
(Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-29 General Eligibility requirements.

(a) In order to be eligible for Preschool Open Doors child care payments under this subchapter, the individual shall meet the following criteria:

(1) Eligible children:

(A) Must be age four years by December 31 of the year applying for the program, or

(B) Must be age three years by December 31 of the year applying for the program and have special needs;

(i) Must have a special populations referral; and

(ii) Must not qualify for Department of Education (DOE) Special Education.

(2) Depending upon availability of funds, a family unit shall be eligible for child care under this subchapter provided the family unit has a monthly gross income that does not exceed 85% of the State Median Income for a

family of the same size. Assistance shall be provided as available by department geographical area in the following ranked order:

(A) Age of children

- (i) Children must be four years old by December 31 of the year applying for the program, have special needs that designate them eligible for Special Populations Referral (defined by their identification as Special Needs, English as a Second Language, or Homeless), eligible to enter kindergarten at the start of the following school year, and need child care assistance to attend preschool;
- (ii) All other children who will be four years old by December 31 of the year applying for the program, who would be eligible to enter kindergarten at the start of the following school year and need child care assistance to attend preschool; and
- (iii) Children who will be three years old by December 31 of the year applying for the program and are eligible for Special Populations Referral (defined by their identification as Special Needs, English as a Second Language, or Homeless), apply for Department of Education (DOE) Special Education programs and do not qualify for DOE Special Education programs, and need child care assistance to attend preschool

(B) Income and family size.

- (i) Families shall be income-ranked by department geographic area to establish eligibility for the allocated funds.

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- (ii) Families with the greatest family size and lowest income shall have the next priority.

(b) Eligibility shall be established during a limited period of open enrollment for preschool assistance in licensed group center care for the period up to twelve months prior to entering kindergarten, according to the respective rates as provided under §17-798.1-14. [Eff JUL 27 2002] (Auth: HRS §346-14) (Imp: HRS §346-14)

§§17-798.1-30 to 17-798.1-33 (Reserved)

SUBCHAPTER 3

TRANSITIONAL CHILD CARE PROGRAM

§17-798.1-34 Purpose. The purpose of this subchapter is to establish the eligibility requirements, benefits, and method of determining payment for transitional child care benefits. [Eff JUL 27 2002] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-798.1-35 Eligibility requirements. (a) The family unit must meet all the conditions described in §§17-798.1-9, 17-798.1-10, 17-798.1-12, 17-798.1-13, and 17-798.1-15. In addition, a family unit is eligible for transitional child care benefits provided the following conditions are met:

- (1) The family unit shall have ceased to be eligible for AFDC within 12 months of the date of application as a result of:
 - (A) Increased hours of employment or increased income from employment;

- (B) New or increased income from child support; or
 - (C) The family unit voluntarily requested AFDC closure and is currently employed;
 - (2) The family unit shall have received AFDC benefits in at least three of the six months immediately preceding the first month of ineligibility or termination;
 - (3) The family unit requests transitional child care benefits by completing and submitting an application form prescribed by the department;
 - (4) The family unit provides the information and verification necessary for determining eligibility and the child care fees;
 - (5) The family unit has a monthly gross income that does not exceed 85% of the State Median Income for a family of the same size; and
 - (6) The family unit needs child care in order to work, attend job, vocational or employment training, or an educational program.
- (b) When the family unit meets all the conditions specified in §17-789.1-35(a), eligibility for transitional child care benefits shall begin from the date the signed application is received by the branch.
- (1) A family unit may begin to receive child care in any month during the 12-month eligibility period; and
 - (2) Transitional child care benefits may continue for as many months as needed as long as the family unit remains eligible for the payment.
- [Eff JUL 27 2002] (Auth: HRS §346-14)
(Imp: §HRS 346-14)

§§17-798.1-36 to 17-798.1-42 (Reserved)

ATTACHMENT I **FULL AND PART-TIME TIERED REIMBURSEMENT RATES** **FOR CHILD CARE**

June 1, 2002

CC Codes		Type of Care	Full-Time Care	Two-Thirds Care	One-Third Care	Casual Care
HANA	HAWI					
		Center Based	97+ Monthly Hours	61-96 Monthly Hours	25-60 Monthly Hours	1-24 Monthly Hours
O	S3	NAEYC Accredited*or NECPA Accredited	\$475	\$367	\$230	\$92
		Group Home;	97+ Monthly Hours	61-96	25-60	1-24
		Center-Based Licensed;	\$425	\$324	\$203	\$81
B,C,J,O	S3, F2	Family Child Care Home Accredited**				
		Licensed Family Child Care Home**	97+ Monthly Hours	61-96	25-60	1-24
			\$375	\$281	\$176	\$70
B,C	S1	Licensed	45+ Monthly Hours	30-44	15-29	1-14
		Before School Care	\$60	\$53	\$35	\$17
G	S3	Licensed	45+ Monthly Hours	30-44	15-29	1-14
		After School Care	\$80	\$70	\$46	\$22
H	S3	License Exempt Relative, Non-Relative, & Group Care**	97+ Monthly Hours	61-96	25-60	1-24
			\$250	\$194	\$122	\$49
A,D,I	S2,S4	License Exempt	45+ Monthly Hours	30-44	15-29	1-14
		Before School Care	\$25	\$22	\$14	\$7
A,I,K,L	S2,S4	License Exempt	45+ Monthly Hours	30-44	15-29	1-14
		After School Care	\$35	\$31	\$20	\$10
A,I,K,M	S4,F6,F7					

* NAEYC refers to National Association for the Education of Young Children. NECPA refers to National Early Childhood Program Accreditation
 **Summer and Inter-session care rates are the same as the rates listed here.
 All Rates include an estimate of travel time.

Explanation of Calculation Methods for Full and Part-time Child Care Payment Rates

- **Full-time Rates for Center-Based Accredited; Center Based Licensed; Group and Family Child Care Home; and License Exempt Relative, Non-relative and Group Care.**

These rates represent the maximum rate deemed allowable by the Department for these groups. Incentive levels were added to boost Accredited Center-Based Care to \$475 per month. Also, Center-Based, Group Home and Accredited Family Child Care Homes were raised to \$425 per month. These incentive level payments were meant to encourage usage of better quality care and to recognize the inherently higher costs recognized by centers over home-based care. License exempt care was maintained at \$250 per month.

- **Two-Third Rate for Center-Based Accredited; Center Based Licensed; Group and Family Child Care Home; and License Exempt Relative, Non-relative and Group Care.**

The two-third rate is calculated by setting the rate at the proportionate value of 90% of the payment category. For example, the hours of care covered by the two third rate is 61-96 hours per month. So, the rate is set at 96 hours x .9 = 86.4 hours. The 86.4 hours is then multiplied by the corresponding hourly rate for the category to arrive at the maximum allowable rate for the type of care. Thus, in the case of Center-Based Accredited Care the allowable payment is actual cost up to \$367 per month.

- **One-Third Rate for Center-Based Accredited; Center Based Licensed; Group and Family Child Care Home; and License Exempt Relative, Non-relative and Group Care.**

The one-third rate is calculated by setting the rate at the proportionate value of 90% of the payment category. For example, the hours of care covered by the one-third rate is 25-60 hours per month. So, the rate is set at 60 hours x .9 = 54 hours. The 54 hours is then multiplied by the corresponding hourly rate for the category to arrive at the maximum allowable rate for the type of care. Thus, in the case of Center-Based Accredited Care the allowable payment is actual cost up to \$230 per month.

- **Casual Care Rate for Center-Based Accredited; Center Based Licensed; Group and Family Child Care Home; and License Exempt Relative, Non-relative and Group Care.**

The casual care rate is calculated by setting the rate at the proportionate value of 90% of the payment category. For example, the hours of care covered by the casual care rate is 1-24 hours per month. So, the rate is set at $24 \text{ hours} \times .9 = 21.6 \text{ hours}$. The 21.6 hours is then multiplied by the corresponding hourly rate for the category to arrive at the maximum allowable rate for the type of care. Thus, in the case of Center-Based Accredited Care the allowable payment is actual cost up to \$92 per month.

- **Full-time Rates for Licensed and Licensed Exempt Before and After School Care**

These rates represent the maximum rate deemed allowable by the Department for these groups. These rates are the same as previously in effect.

- **Two-Third Rate for Licensed and Licensed Exempt Before and After School Care**

The two-third rate is calculated by setting the rate at the proportionate value of 90% of the payment category. For example, the hours of care covered by the two third rate is 30-44 hours per month. So, the rate is set at $44 \text{ hours} \times .9 = 39.6 \text{ hours}$. The 39.6 hours is then multiplied by the corresponding hourly rate for the category to arrive at the maximum allowable rate for the type of care. Thus, in the case of Licensed Before-School Care the allowable payment is actual cost up to \$53 per month.

- **One-Third Rate for Licensed and Licensed Exempt Before and After School Care**

The one-third rate is calculated by setting the rate at the proportionate value of 90% of the payment category. For example, the hours of care covered by the one-third rate is 15-29 hours per month. So, the rate is set at $29 \text{ hours} \times .9 = 26.1 \text{ hours}$. The 26.1 hours is then multiplied by the corresponding hourly rate for the category to arrive at the maximum allowable rate for the type of care. Thus, in the case of Licensed Before-School Care the allowable payment is actual cost up to \$35 per month.

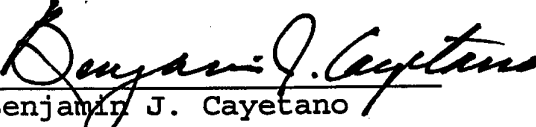
- **Casual Care Rate for Licensed and Licensed Exempt Before and After School Care**

The casual care rate is calculated by setting the rate at the proportionate value of 90% of the payment category. For example, the hours of care covered by the casual care rate is 1-14 hours per month. So, the rate is set at $14 \text{ hours} \times .9 = 12.6 \text{ hours}$. The 12.6 hours is then multiplied by the corresponding hourly rate for the category to arrive at the maximum allowable rate for the type of care. Thus, in the case of Licensed Before-School Care the allowable payment is actual cost up to \$17 per month.

DEPARTMENT OF HUMAN SERVICES


The repeal of chapter 17-798 and adoption of chapter 798.1, Hawaii Administrative Rules on the Summary Page dated May 24, 2002 were adopted on May 24, 2002 following a public hearing held on April 12, 2002, after public notice was given in MidWeek Hawaii State and County Public Notice and Star Bulletin on March 10, 2002.

The repeal and adoption shall take effect ten days after filing with the Office of the Lieutenant Governor.


Benjamin J. Cayetano
Governor
STATE OF HAWAII

DATED: 7/16/02

APPROVED AS TO FORM:


Deputy Attorney General

JUL 17 2002

Filed

LIEUTENANT GOVERNOR'S
OFFICE

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